

Excise Tax Distributions

Motor Vehicle Excise Tax Replacement

Individuals or other entities owning passenger cars, motorcycles, or trucks with a declared gross weight of 11,000 pounds or less are required to pay the motor vehicle excise tax on each vehicle owned. The tax paid on each vehicle is based on the age and value of the vehicle, and it is in lieu of personal property taxes that the vehicle would otherwise be subjected to.

Beginning in 1996, most of the excise tax rates were reduced by up to 50% of their prior level. The State reimburses local units of government for a portion of the revenue that was lost due to the decrease in the excise tax rates. The reimbursement to local units is based on a statutory formula and total payments to all local units may not exceed \$236,212,440 in any year.

Funds used for motor vehicle excise tax replacement consist of monies transferred from the Lottery & Gaming Surplus Account and the State General Fund.

Alcohol Beverage Gallonage Tax

Alcohol wholesalers, wineries, and dealers pay a state tax based on the number of gallons of beer, flavored malt, liquor, wine, mixed beverages, liquid malt, or wort sold. Each year, there is approximately 246 million gallons of beer sold in Indiana, 7.5 million gallons of liquor, and 7.8 million gallons of wine. The revenue collected is distributed to the state General Fund, the Post War Construction Fund, the Dept. of Revenue Collection and Enforcement Fund, the Pension Relief Fund, the Addiction Services Fund, and the Wine and Grape Market Development Fund. One half of the tax revenue that is distributed to the state General Fund is allocated to cities and towns.

Cigarette and Tobacco Products Tax

Cigarette and tobacco product distributors in Indiana are required to purchase tax stamps for their products. In FY03, \$352.4 million was collected. The revenue from these stamps is distributed to the Cigarette Tax Fund, the Mental Health Centers Fund, the state General Fund, and the Pension Relief Fund. Two-thirds of the distribution to the Cigarette Tax Fund is allocated to cities and towns.

